

SCHEME PARTICULARS

THE AEGEAN LITE

PERSONAL PENSION PLAN

Sovereign Pensions Limited

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Sovereign Pensions Limited is authorised and regulated by the Isle of Man Financial Services Authority, number RA103, for the purposes of setting up, administering and winding up personal and occupational pension schemes. Registered office: Sovereign House, 4 Christian Road, Douglas, Isle of Man IM1 2SD.

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Structure

The Scheme was established by deed of trust on the 29th April 2013 ("Trust Deed"), and has been approved as a retirement benefit scheme by the Insurance and Pensions Authority and the Assessor of Income Tax in the Isle of Man. The Scheme is operated within the provisions of the Income Tax Act 1989.

Admission to the Scheme requires that members agree to be bound by the terms of the Trust Deed and the rules which are set out in that deed. Each member shall be required to sign a deed of adherence.

Below are scheme particulars relative to the Scheme.

Trustee and Schemes Administrator

The Trustee and Schemes Administrator of the Scheme is Sovereign Pensions Limited whose registered office is Sovereign House, 4 Christian Road, Douglas, Isle of Man, IM1 2SD ("Trustee"). The Trustee is a company incorporated and operating in the Isle of Man and the Schemes Administrator is registered and authorised by the Insurance and Pensions Authority as a Schemes Administrator.

Purpose

The principal objective or purpose of the Scheme is to provide retirement annuities and other benefits to members in retirement and after their death for the members' beneficiaries.

Fee Structure

Members will be charged a fee upon being accepted for admission to the Scheme and a flat annual fee for each year that the member retains an interest in the Scheme. The initial fees shall be as set out in the initial Scheme documentation.

The Trustee shall be entitled to increase its annual fees from time to time taking into account the usual and reasonable fees charged by trustees of similar retirement schemes and shall give prior notice of any fee increase to members.

In addition the Trustee shall be entitled to charge an individual member for business done or services rendered or time spent by the Trustee or its officers or employees in relation to the administration of that particular member's plan. Such charges shall be in line with usual and reasonable charges for the administration of trusts and the Trustee shall provide details of its charging rates from time to time upon request.

To the extent that third party fees, charges and other costs and expenses are incurred partly or wholly in relation to a member's plan the Trustee shall be entitled to allocate those fees, charges, costs and expenses, or so much of them as the Trustee in its absolute discretion considers appropriate to that particular member's plan.

Eligibility for admission as a Member

Membership of the Scheme shall be open upon application to any individual accepted at the discretion of the Trustee.

Upon being admitted to the Scheme the member shall execute a deed of adherence whereupon an individual account for the member shall be created under and in accordance with the Trust Deed.

Administration of the Scheme

The Trustee and Schemes Administrator shall administer the Scheme in accordance with the terms of the Trust Deed.

The Trustee shall request the transfer of the assets comprising the member's pension plan or plans to the Scheme and will be responsible for the ongoing administration of the Scheme following receipt of those assets. The Trustee's associated companies will provide assistance to the Trustee by way of collation of information and documentation required to enable the Trustee to consider the acceptance of any member.

Contributions to the Scheme

The member shall transfer their assets comprising the member's pension plans or schemes to the Scheme. The initial value of the assets transferred shall be the value of those assets on receipt by the Trustee into an account opened by the Trustee for that purpose. At its discretion the Trustee shall be at liberty to accept additional assets as an addition to the Scheme from time to time and all such assets shall be administered in accordance with the terms and rules of the Scheme.

Powers of Investment

Investments are to be made in the name or under the control of the Trustee. Members are entitled to direct the trustee on investments and may nominate an investment manager to instruct the trustee on the member's investment preferences.

However, the trustee is required to comply with any restrictions imposed under the Act and to ensure that it does not lose sight of the principal objective of the Scheme, namely to accumulate a fund from which to provide retirement annuities and other benefits.

The Trustee has fairly wide powers of investment but is required to ensure that assets are invested in the best interests of the members, properly diversified and invested in such a manner as to ensure the security, quality, liquidity and profitability of the trust fund of the Scheme as a whole.

Investment Restrictions

The Trustee is required to comply with any investment restrictions imposed by the Insurance and Pensions Authority or contained in any written code of practice or guidelines affecting the Scheme. In particular, the Trustee must not make loans to members or purchase residential property.

The Trustee has prepared the following investment guidelines to assist members and their advisers:

- Investments may be made into a range of product wrappers and funds offered by Royal Skandia, Royal London 360° and others. Investments may also be made via platforms or using the services of discretionary managers.
- Investments may be made via recognised exchanges in stocks, funds, bonds, shares and other securities, cash, money market instruments, commodities and structured notes.
- Not more than 66% of funds may be invested in structured notes and not more than 33% may be invested in structured notes with one issuer.
- Please note that a minimum of 3% of the initial funds transferred/contributed will be retained in cash, from which the trustee's fees and other agreed fees will be paid.
- Loans to members or connected parties are not permitted.
- The purchase of residential property is not permitted.
- Investments in funds that contain exit charges are not permitted
- Broker funds are not permitted
- Funds deemed to have a high expense ratio/ongoing charges figure (over 2.5%) are not permitted
- Investments in private equity and contracts for differences will not be permitted.
- Investments into cryptocurrencies, including cryptocurrency ETFs and Initial Coin Offerings ('ICOs') are not permitted

- Introduced in January 2020, a commission cap of 5% is applicable to investment products (insurance and platform) in conjunction with all QROPS, SIPP and De-listed Guernsey QROPS. Any commissions paid in excess of the 5% cap will be refused by Sovereign. In addition, investment products must not exceed an establishment period of five years.

Sovereign will continue to allow life insurance bonds within the above products but for cases less than £100,000 in value ("lite" products and ISIPPs) Sovereign would expect "baby bonds" (with no quarterly charges) or platforms with acceptable charging structures, which can operate in line with the Sovereign dealing process, to be used.

Investment Performance Benchmark

The Scheme does not set or impose any criteria against which the Scheme's investment performance will be measured. The Trustee will determine investment performance benchmarks itself or in consultation with the member and any appointed investment manager and will periodically review performance against any such benchmarks to measure performance and manage risk.

Risk Measurement and Management

The choice of investments of the Scheme may be determined in consultation with the member of the Scheme or the appointed investment manager but shall accord with the above investment strategy and restrictions. The Trustee shall use the selected benchmark to review investment performance from time to time and to monitor the performance of the investment manager and make any changes that may be required.

Notwithstanding the investment objective and strategy as described in the Scheme, members are reminded that past performance shall not necessarily be a guide to future performance and that the value of investments can go down as well as up. The value of overseas investments may be influenced by changes in exchange rates.

Potential Conflicts of Interest

The Trustee, its officers or employees, may be involved in professional activities which, in the course of their business, will or may, on occasion, give rise to potential conflicts of interest. Such persons shall remain at liberty to undertake such business independently of their involvement with the Trustee or the Scheme. In such circumstances, however, such persons will have appropriate regard to their respective obligations at law (where applicable) or under the agreements appointing them (where applicable) to act in the best interests of the members, when potential conflicts of interest may arise.

Benefits upon Retirement

A member's normal retirement age is not earlier than their 55th birthday or such later date as the Trustee may in its absolute discretion decide or such later date as may be agreed between the member and the Trustee not being later than the Member's 75th birthday.

Upon reaching normal retirement age, a member shall be entitled to an annual annuity payable for the remainder of the member's life which amount shall be determined by the Trustee in consultation with the Scheme's actuary.

Prior to the annuity becoming payable a member may sub-divide their interest and elect that the segmented portions of the member's annuity be payable in one or more of the following methods:

- Payment of an annuity to be made for a guaranteed period not exceeding ten years and thereafter during the lifetime of the member.
- Commutation of part or the entire annuity provided that the lump sum does not exceed thirty percent of the total fund available to the member; such lump sum shall be payable on the date that the annuity is due to come into payment.
- The exchange of part of the annuity for a reversionary annuity payable to a named beneficiary of the member for life from the date of death of the member should the member pre-decease such named beneficiary.

Benefits upon Death

On death before receipt of an annuity the Trustee shall, subject to having received the member's election, apply the member's interest at the date of death to provide a cash lump sum (being the value of the member's interest less liabilities and taxes, if any) to the personal representatives of the member and/or for the benefit of any one or more of the member's beneficiaries. In exercising this power the Trustee may have regard to but shall not be bound by any wishes notified to the Trustee by the member or legally appointed representative.

If at the end of a ten year period within which the Trustee may exercise the aforesaid power the Trustee shall not have exercised the said power or shall have exercised it only in respect of part of the benefit aforesaid, the Trustee shall pay the whole of the balance of such benefit to the personal representatives of the member.

If a member dies whilst in receipt of an annuity the Trustee shall apply the balance of such member's interest then remaining:

- to provide an annuity payable for life to any one or more of the member's dependants or beneficiaries; or

- to provide a cash lump sum for the benefit of the member's dependants or beneficiaries; or
- to be paid to the member's personal representatives.

In exercising this power the Trustee may have regard to but shall not be bound by any wishes notified to the Trustee by the member.

Payment Benefits

The payment of an annuity shall be made monthly unless the member requests that such payment be made quarterly, half yearly or yearly. The payment of an annuity may be bequeathed by will or in the event of a Member dying intestate, the annuity shall be assignable in distribution of the Member's estate.

Taxation of Benefits

The Trustee shall deduct any amount due for taxation if applicable, from the benefit payable and shall pay all taxation due by the Scheme to the relevant authority, prior to making the payment of the benefit.

Legal and Tax Advice

Prospective members should not construe the contents of this document as legal, tax or financial advice. Each prospective member should consult their own professional advisers as to the legal, tax, financial or other matters relevant to the suitability of the Scheme for their requirements.

Accounts and Reports

The member is entitled to inspect at the registered office of the Trustee, any accounts or reports relating to the Scheme or their plan.

Liability

The Trustee will be liable to the members and beneficiaries for any loss suffered by them as a result of their fraud, wilful default or gross negligence.

The Trustee shall not be liable for any actions, claims or demands arising out of anything done or caused to be done or omitted by them (whether by way of investment or otherwise) in connection with the Scheme and costs arising therefrom, except for a breach of trust arising from their own fraud, wilful misconduct or gross negligence.

The Trustee (and where a corporate body is a Trustee any and all of its directors officers or servants) shall be indemnified out of the Scheme to the extent permitted by law against any actions claims or demands arising out of anything done or caused to be done or omitted by them (whether by way of investment or otherwise) in connection with the Scheme and all costs arising therefrom.

The Trustee shall not be liable in respect of any payment to any person erroneously made in the *bona fide* belief that the person was entitled to it and a receipt issued to the Trustee by the person shall be a good and sufficient discharge of the obligations of the Trustee.

The Trustee shall not be liable if the assets of the Scheme are insufficient to pay the benefits under the Scheme by reason of any loss or depreciation of any of the assets of the Scheme.

Further Information

Additional information may be obtained from the Trustee at the address provided above.